

Message Text

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42

ORIGIN EB-07

INFO OCT-01 EA-10 ISO-00 CAB-05 SSO-00 IO-10 L-02 PM-03

NSC-05 SP-02 SS-15 CIAE-00 COME-00 DODE-00 DOTE-00

INR-07 NSAE-00 FAA-00 INRE-00 /067 R

DRAFTED BY EB/AN:WBCOBB:TP

APPROVED BY EB/AN:WBCOBB

CAB - MR. HORNEMAN

EA/ANP - MR. LANGE

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O R 181431Z APR 75

FM SECSTATE WASHDC

TO AMCONSUL MELBOURNE IMMEDIATE

INFO AMEMBASSY CANBERRA

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E.O. 11652: N/A

TAGS: EAIR, AS

SUBJECT: CIVAIR: PAA'S COMMISSION SYSTEM FOR SALES AGENTS

REF: MELBOURNE 447

1. ON APRIL 9, PAN AM ADVISED IATA THAT IT IS DENOUNCING IATA RESOLUTIONS RE PAYMENT OF COMMISSIONS. REASONS GIVEN WAS THAT "IT IS COMMON KNOWLEDGE THAT THE IATA COMMISSION RESOLUTIONS ARE BEING WIDELY IGNORED" AND THAT "IATA DOES NOT OR CANNOT ENFORCE ITS REGULATIONS". OTHER AIRLINES (E.G. TWA) EITHER HAVE OR ARE THREATENING FOLLOW SUIT. WE UNDERSTAND IATA EXECUTIVE COMMITTEE IS MEETING ON APRIL 18 ON THIS MATTER.

2. DEPARTMENT IS TAKING NEUTRAL POSITION ON POLICY ISSUE FOR TIME BEING. HOWEVER, WHERE FOREIGN GOVERNMENTS CLAIM
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THAT COMMISSIONS ARE PART OF THE TARIFF STRUCTURE AND

THAT THEREFORE RATE ARTICLES IN BILATERAL AIR TRANSPORT AGREEMENTS COME INTO PLAY, WE ARE TAKING POSITION THAT US DOES NOT REGARD COMMISSIONS AS PART OF TARIFF (BECAUSE THEY DO NOT INVOLVE PRICES OR CONDITIONS OF SERVICE OFFERED TO PUBLIC) AND THAT THEREFORE RATE ARTICLES ARE NOT RELEVANT.

3. WE ALSO ADVISING US AIRLINES WHO RAISE QUESTION THAT IT WOULD BE PRUDENT NOT TO OFFER COMMISSION INCENTIVES IN CASE OF COUNTRIES WHOSE DOMESTIC LAWS CLEARLY PROHIBIT THEM WITHOUT APPROVAL. IN SOME CASES, DESPITE FOREIGN GOVERNMENT ASSERTION THAT LAW CONTROLS COMMISSIONS, PAN AM BELIEVES OTHERWISE AND MAY CHOOSE CONTEST ISSUE. KISSINGER

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Message Attributes

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